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Ravalli County Planning Dept.

**MEMORANDUM**

June 10, 2009

To: Ravalli County Board of County Commissioners  
Cc: John Lavey, Ravalli County Planning Director ✓  
Daniel Sybrant, Superintendent, Corvallis School District # 1  
From: *John Meakin*  
John Meakin, Chair  
Ravalli County Impact Fee Advisory Committee  
Re: Report and Recommendations--  
Proposed Corvallis School District Impact Fee

As required by Ordinance 17, Section 4, find attached the referenced Report and Recommendations dated June 9, 2009 for your review, public hearing and possible decision.

The Report and Recommendations were prepared by the Impact Fee Advisory Committee and approved by unanimous vote on June 9, 2009.

**REPORT AND RECOMMENDATIONS**  
**FOR THE PROPOSED CORVALLIS SCHOOL DISTRICT IMPACT FEE**  
**Prepared by the Ravalli County Impact Fee Advisory Committee**  
**June 9, 2009**

**Background**

The public discussion about impact fees began over 50 years ago and continues to this day. The fundamental question in these discussions has been: **In a growing community, who should pay for future growth-related improvements required by new development?** Should existing taxpayers continue to fund the demand for services from new residents (as is currently the case in Ravalli County)? Or, should new residents pay their own way by including in the cost of new construction an up-front fee that reflects the impact new residents will have on public services?

Responding to these questions during the 1950s and 1960s, communities in the United States that were experiencing long term growth concluded that new residents *should* pay their own way, and the first impact fees became law to help fund growth-related water and wastewater capital improvements. The use of such fees expanded in the 1970s to include such public services as schools, roads and parks and subsequently, libraries, police, fire and other municipal facilities. Impact fees were upheld in court cases in California, Florida and Utah, which lead to adoption of fees in other states. U. S. Supreme Court rulings have upheld the principle of these fees, finding that such fees must be proportional to the burden created by the new development and that there must be a rational nexus between the fee and the public interest being protected (see *Nollan v. California Coastal Commission* 43 US 825 (1987) and *Dolan v. City of Tigard* 512 US 374 (1994)). The first state-wide impact fee enabling act was adopted in Texas in 1986, and other states soon followed suit.

A 2008 survey<sup>1</sup> showed that twenty-seven states had adopted impact fees and that most of those were high growth states in the South and West. In the West, communities in New Mexico, Colorado, Arizona, Utah, Idaho, Nevada, Oregon, Washington, and California have adopted impact fees. The survey found that nine states had impact fees for schools, noting that the political power of state builder's associations had prevented adoption in other states. According to the 2008 survey noted above, the nationwide average for school impact fees was \$4,693 per single family housing unit.

Impact fees were authorized in Montana by the legislature in 2005 (see 7-6-1601 et seq, Montana Code Annotated). The bill (SB 185) that became state law was co-sponsored by Senator Rick Liabe (R. Darby) and approved by the development community and government officials. It established strict and specific requirements for all proposed impact fees, restricting impact fees to capital improvements with a useful life of ten years or more. Collected impact fees could only be applied to that part of the cost of new construction or facility expansion caused by new growth.

By state law, an impact fee is a mandatory one-time payment imposed on each new residential dwelling unit for the purpose of constructing growth-related infrastructure. Thus, the impact on the service district would be paid for by the new residents that created that impact. Impact fees are used in many high growth states, with the result that existing residents *and* new residents both share the cost of new infrastructure required by demands for service caused by new growth.

In 2007, the Ravalli County Board of Commissioners ("Commissioners"), as authorized by state law, created the Ravalli County Impact Fee Advisory Committee ("Committee") with five members. As

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<sup>1</sup> "National Impact Fee Survey: 2008", Duncan and Associates, Austin, TX. See this survey at: [ImpactFees.com](http://ImpactFees.com).

required by state law, one Committee member represents the development community and one is a Certified Public Accountant. In 2008, the Commissioners adopted Ordinance 17 for Ravalli County. This ordinance approved the concept of impact fees for the county and created the process by which the county could impose impact fees on behalf of county service districts such as the School District.

During the 2006-2007 school year, the Corvallis School District ("School District") took steps authorized by state law to fund and complete an impact fee study. Faced with increased enrollment since 1990 and projections for continued long-term growth, the school district retained the consulting firm of TischlerBise to conduct an impact fee study. This nationally recognized firm has conducted more than 600 such studies in some 30 states.

The completed impact fee study was submitted to the School District on March 1, 2007 and amended on March 10, 2008. The consultant's study, as amended, recommended a maximum impact fee of \$6,822 on each new housing unit built within the school district<sup>2</sup>. The consultant used a four-part formula to arrive at that amount, using the following four elements, all of which are specific to the School District and all of which are based on data collected during the 2006-2007 school year: (1) The square feet of school space per student, (2) The average number of students per household, (3) A credit or reduction in the impact fee amount for existing school bond financing, (4) The cost per square foot to construct a school facility. See Appendix A for a complete description of the formula elements and the methodology by which the consultant calculated the "maximum supportable impact fee".

In 2007, the Corvallis School District Board of Trustees ("School Board") accepted the TischlerBise Impact Fee study. In March 2008, the School Board approved a proposed impact fee of \$6,822. However, in February 2009, a new School Board considered the impact fee issue again. Basing their decision on the reported national average for school impact fees, noted above, the School Board voted to propose that the Commissioners impose an impact fee of \$4,000 on each new housing unit built within the boundaries of the School District, with the fee to be phased in over a five-year period. The School District's proposal was transmitted to the Commissioners on February 18, 2009 and forwarded to the Committee to conduct a public meeting and accept public comment on the proposal as required by Ordinance 17.

### **Chronology of Events**

The Committee completed the following steps to arrive at its recommendations concerning the School District impact fee proposal:

1. Read and reviewed in detail the March 2007 School District Impact Fee Study (as amended in March 2008).
2. Completed the Application Review Form. This form, created in 2007 by the Committee, followed the requirements specified by 7-6-1601 et seq, MCA. The form was developed to provide a more efficient, consistent method for reviewing all county impact fee proposals and identifying any additional information that might be needed to complete the study. The review of the School District impact fee study was completed in 2008.
3. The Committee concluded that the School District Impact Fee Study, including supplemental information provided by the consultant and the school district, met the requirements of 7-6-

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<sup>2</sup> Although the City of Pinesdale is included within the School District boundaries, it is a legally incorporated city under the laws of the State of Montana and therefore it cannot be included, without voluntary agreement, in any impact fee that may be imposed by Ravalli County on behalf of the School District.

1601 et seq, MCA, and should be taken up by the School Board for its decision and proposal to the Commissioners (May 2008).

4. A majority of the School Board, at a regularly scheduled and noticed public hearing, voted to propose that the Commissioners impose a \$4,000 impact fee on new residential dwellings located within the boundaries of the School District. As part of its proposal, the School Board also voted to recommend that the \$4,000 impact fee be phased in over a five-year period (February 17, 2009).
5. Pursuant to Ravalli County Ordinance 17, the Committee scheduled a public meeting for April 23, 2009 to explain state impact fee law and to solicit public comment on the impact fee proposal adopted by the School District. This meeting was duly noticed by the office of the county commissioners, public service announcements were timely printed in two local newspapers with county-wide coverage and a printed notice of the public meeting was delivered by U.S. Postal Service to approximately 3,400 households in the School District about six days prior to the meeting. The meeting was held on April 23, 2009 in the Corvallis High School gymnasium.
  - a. Minutes of the meeting were taken by the Ravalli County Planning Department Staff; a recording was also made of the comments.
  - b. The Committee first presented a brief slide program describing Montana Impact Fee law, Ravalli County Ordinance 17 and the Committee's role in the process. Comments were then solicited from all who wished to speak.
  - c. About 94 people attended this meeting and 38 people spoke. Following the close of the public meeting, citizens were provided a 14 day period, until May 7, 2009, to comment in writing on the School District's proposal. In all, 58 written comments were received, 10 of which were from people who wrote to amend or repeat comments they made at the April 23<sup>rd</sup> meeting. Of the 87 people who provided comment (oral or written), 61 were opposed, 23 were in favor of the proposal and 3 were undecided.
  - d. Of those commenting, a little over half lived in Corvallis and the remainder lived elsewhere in Ravalli County.
  - e. The Committee has reviewed the oral comments made at the April 23 meeting as well as the written comments submitted through May 7, which are summarized and discussed below.

#### **Summary and Discussion of Public Comments provided in April and May, 2009**

A. The comments of those *in favor* of the proposal, all but two of which were written, are grouped into the three following categories:

(1) Current residents should not have to pay for demands for new services created by new residents. One written comment stated that, when a new family moves into the Bitterroot, their presence puts new strains on our infrastructure. Another writer stated that, it's time this county acts responsibly and charges impact fees for new development.

(2) Collected impact fees could reduce future property tax increases by reducing the bonded amount that might be required to pay for growth-related expansion or new construction of school facilities. One writer said, we [the four people signing the letter] are definitely for impact fees because they exist so that people in the district don't pick up the costs caused by new school attendees.

(3) Several offered comments stating their support for the proposal, but gave no explanation for their position.

B. The comments of those ***opposed*** to the proposal are grouped into one or more of the following nine (9) categories, with Committee response following each group. Some citizens provided comments that fell into more than one category and some provided oral as well as written comments:

1) Affordable Housing: (a) The impact fee, described by several speakers as a “tax”, would make new housing in the School District unaffordable, or (b) The “tax” discriminates against someone trying to realize their dream of owning a new home.

- Committee Response - First, an impact fee is not a tax. Rather, if imposed and paid by the builder at the time a septic or sewer permit is issued, an impact fee becomes part of the total cost of building the house. After the home is built, the Department of Revenue determines the market value of the home. This number is adjusted by the Montana State Legislature every six years to calculate the taxable value of the home. This taxable value determines the amount of property tax actually paid by the property owner, not the amount of any impact fee.
- Second, many citizens would consider a program to provide sustainable, affordable housing for low income or first time home buyers to be an important and worthwhile county-wide effort, but that issue is for the future. In the meantime, the problem of affordable housing is not going to be solved or even affected in any substantial way either by imposing or by eliminating this impact fee: The average price of housing in Ravalli County is already not affordable to either of those low income or first time home buyer target groups.

2) Fiscal Responsibility of the School District: (a) The School District is operated inefficiently and must find ways to live within its budget, (b) The school district already receives sufficient state funding (and must find ways to economize to meet the future demand for capital improvements), and (c) The school district should maintain the status quo for funding needed capital improvements. One speaker stated that taxes should take care of the impact of new kids. Those echoing this position said, in sum, that impact fees are not needed because school bonds are the preferred method of funding growth-related capital improvements. Taxpayers (then-current taxpayers and new residents) would then have the opportunity to vote on any proposed capital improvements and increased mill levies. (d) One speaker who opposed impact fees had a two part suggestion for ways the School District could solve overcrowding due to new growth and thereby the need for an impact fee. According to the minutes of the April 23<sup>rd</sup> meeting, the speaker said that the Committee and the School Board could come up with a breakdown of what years the school would be impacted. Then maybe the people could withdraw some of the kids from those areas and avoid impact fees. Second, the speaker suggested that they could go to the legislature and get money where they could buy people out so they drop out of the school program.

- Committee Response—First, the Committee noted that many of those commenting on the fiscal responsibility of the Corvallis School District were not even residents of the School District. In addition, the School Board Chairman spoke at the April 23 meeting, asking that concerns about the administration or fiscal responsibility of the school district should be taken up directly with the School District itself. It could be effectively argued that by proposing this impact fee, the School District *is*

taking a fiscally responsible position of planning for future growth-related capital improvements by having new homeowners share in these costs, thereby reducing the potential amount of tax increases associated with a new mill levy. The alternative is to continue to place the cost of new growth squarely on the shoulders of existing taxpayers, as is the current situation.

As an example of the effect of requiring existing taxpayers to pay for the impacts of new growth, consider the result of a \$9 million bond measure placed on the ballot in 2003 by the Florence-Carlton School District. That ballot measure failed by a narrow margin. Shortly thereafter, the Florence-Carlton School District commissioned a survey<sup>3</sup> to determine public perception and possible reasons for the election result. The survey posed several “What if . . . ?” questions, one of which asked, “If you knew . . . that new residents who move into the district in the future will assist in the payment of the proposed measure, [how would you have voted]?” The response to the question was that **61%** said they would have voted in favor; only 35% remained opposed. Had this been a fact instead of a survey question, the result would have been a convincing passage of the measure. However, that was not the situation presented to Florence voters in 2003. By voting against the ballot measure, they answered the question posed above (Who pays for new growth?): New residents should pay their own way -- existing taxpayers in this case were unwilling to continue paying for the tax burden created by new residents.

3) Economy: Comments focused on the fact that the local and national economies are in a recession, unemployment is high, the local housing market is flat and, therefore, this is not a good time to implement an impact fee of any amount.

- Committee Response—There is no dispute that Ravalli County’s economy and the local housing market are depressed. In recent months, there have been very few housing starts in the Bitterroot, and that is occurring *without* the effect of any impact fees. If the proposed impact fee is adopted for the School District, especially with the proposed phasing plan, a reduced impact fee of only \$1,000 the first year could act as an incentive for home builders. Thereafter, the yearly impact fee amount would be predictable, lending reliability to a builder’s business plan.

4) Distrust of Government: Comments made on this subject stated that (a) Imposing this impact fee is an attempt to nullify the repeal of the County Growth Policy, voted on in November 2008. One speaker said, referring to the vote on the Growth Policy, “Impact fees are merely another way to bring about zoning . . .”. (b) Another speaker, apparently making reference to the 2008 repeal of the Growth Policy, but this time addressing the Committee, said “It is almost like the people have to repeal the whole government to get rid of you guys”. (c) Other speakers said impact fees were just another way to increase the size and cost of county government or, simply, that they didn’t trust government.

- Committee Response: In our society, a certain amount of skepticism directed toward government actions or officials is healthy. Everyone is entitled to their own opinions. However, the comments made in this instance reflected a lack of understanding of state law and what impact fees are and what they are not. Impact fees have no relationship to zoning, for example. Nor were impact fees voted

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<sup>3</sup> “Florence-Carlton School District, Survey Research Report, Executive Summary, July 9, 2003”, Northwest Polling, Inc., consultant. The complete Executive Summary is included in the material provided to the County Planning Department in support of this report.

down last November or prohibited by the repeal of the Ravalli County Growth Policy. Being skeptical of government is healthy (e.g. “Trust, but verify”). Total distrust of government, however, is not healthy, nor is it the norm, at least in this country.

5) Impact Fees are Regressive: A few speakers stated that impact fees in general are regressive in that a flat impact fee, as proposed, represents a higher percentage of the cost of new residential housing as the market price of the house decreases.

- Committee Response: The statement that a flat impact fee is regressive is correct, but that fact is immaterial to a consideration of imposing this impact fee as proposed. There is ample discussion elsewhere in this report that this impact fee is not a tax, it is only one small part of the much larger cost of new home construction. Similarly, a true affordable housing program, if adopted by the County, could address the needs of low income and first-time home buyers as they seek to become home owners. Finally, collected impact fees ensure that new residents pay their fair share of the cost of new public services, while reducing the amount of future capital improvement bond measures.

6) Increased Property Taxes: (a) The total cost of an impact fee would be significantly larger if paid off over the term of a typical mortgage, or (b) An impact fee would have a direct, 1:1 relationship between the listed price or the contract price of a new home and the subsequent calculated property tax.

- Committee Response: The price of the new house is based on what the market will bear at the time of sale or construction. That market price has little or no direct relationship with the total cost of construction (which would include the amount of an imposed impact fee). When a purchase price of a new home is agreed upon, the new owner may borrow part of that amount and pay the mortgage back over time, with interest. As we all know, the total amount of mortgage payments made over the term of a loan will be significantly greater than the original principle. This is due to the total interest accrued over time and possibly other terms of the mortgage agreement. Regardless, the price of a new house is not due to the cost of any single item of home construction like appliances, a well, a fireplace--or an impact fee.
- As to the second claim, that the amount of an impact fee would have a direct, 1:1 effect on the price of a new home and the subsequent amount of property tax, this is simply not true. The cost of a new home is based on the market--what a willing buyer will pay a willing seller. Property taxes are based on market price and the calculated taxable value. There is no more of a direct relationship between an impact fee and the price paid for a new home, or for property taxes on that home, than there is between an impact fee and any other individual construction item, such as concrete, a septic system or a roof.

7) Methodology: This argument essentially challenges the way in which TischlerBise calculated the School District impact fee (See page 2, above, and Appendix A which describe the elements and formula used by the consultant). Specifically, two speakers, who each submitted written comments in support of their arguments, noted that the TischlerBise impact fee study predicted specific increases in yearly student enrollment for the 2008-2012 school years, whereas actual enrollment increases at least for the first two of those school years were much lower. Using another methodology which relies on more

accurate future student enrollment figures (the argument concludes) would have resulted in a significantly lower maximum supportable impact fee.

- Committee Response: First, it is too late to consider using a different methodology. The School District selected TischlerBise, a nationally recognized expert in this field, as their consultant for an impact fee study during the 2006-2007 school year and paid a fee for its services. The alternate methodologies suggested by the speakers were not available for consideration at the time the School District made its decision to retain TischlerBise, nor was it even suggested until after the Corvallis School District Impact Fee Study was completed in March, 2007.
  - Next, it is clear that TischlerBise "...did not use future student enrollment in order to ensure that new development was not being held to a higher standard than what the School District [was then] providing"<sup>4</sup>. In addition, the consultant developed Level of Service standards based on actual student enrollment, in existing School District facilities, the cost of constructing school facilities and the number of School District households. All this data, used by TischlerBise to calculate the maximum supportable impact fee, was collected during the 2006-2007 school year when the study was conducted.
- 8) Some groups should not have to pay any impact fees: Several speakers stated that, (a) Retirees, (b) Those with no school age children, or (c) Those that home school their children should not have to pay impact fees.
- Committee Response: These comments reflect a lack of understanding (or an intentional disregard) of a basic principle of our society: It is the responsibility of all adult citizens to support our government and government services, especially public education. As adults, we have a social contract to pay for the education of all children, without regard to our age, the number of children in our home (if any at all), or whether they are home schooled. Next, even if the homeowner of a new home constructed in Corvallis has no children in public school, succeeding owners of this home may well have school age children who will have an impact on school services.
- If these comments are also intended to suggest that retirees, in particular, may not be able to afford impact fees, we have pointed out in earlier paragraphs that impact fees are not a tax. They are merely part of the overall cost of home construction. Further, property taxes assessed on a new home are the result of market value and the subsequently calculated taxable value. In addition, most retirees understand and accept their obligation to pay for government services, including public education, and have the resources to pay taxes and a mortgage, if they have one. As a final comment, for those retirees whose property tax represents a disproportionate share of their income, they may be eligible for a State refund of part of their property tax if they are over the age of 62 and meet the low income guidelines.
- 9) No explanation or reasoned argument: Several offered comments stating their opposition to the proposal, but gave no explanation for their position.

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<sup>4</sup> TischlerBise letter, March 10, 2008, addressed to Superintendent, Corvallis School District. The complete letter is included in the material provided to the County Planning Department in support of this report. See also Appendix A.



## FINDINGS AND RECOMMENDATIONS

At the beginning of this report, we noted that nationwide, the issue underlying local decisions concerning adoption of impact fees has revolved around community discussions of who should pay for growth-related capital improvements. The Committee recommends that consideration of the proposed Corvallis School District Impact Fee include a discussion, framed by this same issue, between county residents, especially Corvallis residents, and the Board of County Commissioners as they make their decision.

I. The Committee has carefully considered the Impact Fee Study, including its supporting documents, state impact fee legislative requirements (MCA), Ravalli County Ordinance 17 and the public comments submitted between April 23 and May 7, 2009, discussed above. As a result, the Committee makes the following findings:

1. The School District impact fee study meets the requirements of 7-6-1601 et seq, MCA.
2. The impact fee study meets the constitutional requirements of impact fees: nexus, proportionality and a benefit for the payer of the impact fee (i.e. construction of infrastructure to accommodate their impact on services).
3. With respect to citizen public comments, either in favor or opposing this impact fee, the Committee first notes that the comments submitted by those in opposition outnumber those in favor 2.5:1. However, this is not a sports event, with the result determined by the team with the highest score. Evaluating the merits of this proposal involves far more than merely counting the number of comments in favor and those in opposition: much greater significance should be given the substance and relevance of what was said. After examining all the public comments individually and by groups, the Committee finds that most of the comments provided by those in opposition have little or nothing to do with whether this impact fee proposal meets legal requirements, provides a long term benefit for the School District and for existing tax payers, nor do they address the primary issue: In a community expecting long term growth, who should pay for the additional service capacity required by new residents? Therefore, the Committee finds that the weight to be given the comments opposing the Corvallis School District's impact fee proposal, in sum, is insufficient to deny the proposal or to change the Committee's recommendations, below.

II. Based on all the information available, the Committee's findings and the Impact Fee study as a whole, the Committee recommends that:

1. The Board of County Commissioners adopt the proposal of the Corvallis School District to impose an impact fee of \$4,000 on each new residential housing unit built in the Corvallis School District;
2. As proposed by the School District, the full amount of the impact fee should be phased in over a five-year period following the effective date of the adopted resolution according to the following schedule:
  - For each annual period, beginning with the effective date of the adopting resolution and continuing on the four anniversaries thereafter, the **total amount** of the one-time impact fee to be collected for each housing unit that **started constructed during that year** will be:

<u>Total fee per housing unit :</u>		<u>Percent of the Total</u>
		<u>Recommended Amount (\$4,000):</u>
<u>Year 1</u>	<u>\$1,000</u>	<u>25%</u>
<u>Year 2</u>	<u>\$2,400</u>	<u>60%</u>

<u>Year 3</u>	<u>\$3,200</u>	<u>80%</u>
<u>Year 4</u>	<u>\$3,600</u>	<u>90%</u>
<u>Year 5</u>	<u>\$4,000</u>	<u>100%</u>

3. The School District update the impact fee documentation specified in 7-6-1602 (1), MCA (as required by 7-6-1602 (4)).
  - The Committee further recommends that the update utilize School District data available as of the beginning of the 2009-2010 school year, complete the update by January 1, 2010 and submit the results and the School District recommendations to the Board of County Commissioners for their consideration and action.
  - Finally, it is recommended that the School District conduct subsequent updates every three school years thereafter or earlier, if circumstances warrant.

The above report, of this page and nine (9) other pages, including the Findings and Recommendations and Appendix A, was adopted by the entire Committee by a unanimous vote taken at its publicly noticed meeting on June 9, 2009.

Respectfully Submitted,

The Ravalli County Impact Fee Advisory Committee:

John Meakin, Chair

Candace Jerke, Vice Chair

Bob Harkin

Dick Ellis

Peggy Steffes

## APPENDIX A

### EXPLANATION OF THE “MAXIMUM SUPPORTABLE IMPACT FEE” CALCULATED BY CONSULTANT TischlerBise FOR THE CORVALLIS SCHOOL DISTRICT

The following is derived from the March 2007 Impact Fee Study completed for the Corvallis School District by the consulting firm of TischlerBise (“TB”). Calculations were based on data collected during the 2006-2007 school year. TB updated and modified its calculations by its March 10, 2008 letter to Corvallis School District (copy in file):

**I. The four elements of the impact fee formula**, all of which are specific to the Corvallis School District, are: (1) Level of Service (LOS); (2) Students/Household; (3) School refunding credits to be subtracted from the overall cost of the facility; (4) construction cost per sq. ft.

(1) LOS, measured as sq. ft. per student, was figured separately for the elementary school, middle school, high school, shared middle/high school facilities and administrative facilities by taking the total no. of sq. ft in each facility and dividing by the number of enrolled students at the beginning of the 2006-07 school year. For example, the elementary school had 41,116 sq. ft. and 448 students. Therefore, the Elementary School LOS is 92 sq. ft. /student. Similar math for the Middle School results in an LOS of 97 sq. ft./student. For the High School, the LOS is 93 sq. ft./student. For the Shared Facilities, the LOS is 60 sq. ft./student. For Administrative Facilities, the LOS is 0.87 sq. ft./student.

(2) Students/Household, also figured separately for each of the five facilities, uses the total no. of enrolled students divided by the no. of Corvallis housing units (From the 2000 Census, plus sewer hookups from 2000-2007). For the elementary school, that is 448 students divided by 3,268 houses, the result is 0.14 elem. students/household. Similar math for the middle school results in 0.13 students/household. For the high school, the result is 0.15 students/household, for shared facilities, the result is 0.29 students/household, and for administrative, the result is 0.42 students/household.

(3) School refunding, expressed as refunding credit per student computed from 2007 thru 2012, is \$1853 for the elementary school and \$1,674 for the high school. There are no refunding credits for the middle school, shared facilities or administrative.

(4) TB determined that construction costs<sup>5</sup> were \$133 per square foot for each of the three school facilities and \$117/sq. ft and \$136/sq. ft for, respectively, shared middle school/high facilities and administrative facilities.

**II. TB then used the four elements described above to compute the impact fee** for each of the five District facilities<sup>6</sup> in the following formula (using the Elementary School as an example):

Elementary School:  $92 \text{ (LOS)} \times \$133 \text{ (const. cost)} = \$12,236 \text{ (total cost per student for the entire elementary facility)} - \$1,853 \text{ (refunding credit)} = \$10,383 \times 0.14 \text{ (students/household)} = \underline{\text{Elementary School impact fee of \$1,454.}}$

The formula for the other four facilities was figured in the same way, with the result that the Middle School impact fee is \$1,677, the High School impact fee is \$1,604, the shared facilities impact fee is \$2,036 and the Administrative impact fee is \$50. Adding all five calculated amounts together, the total that TischlerBise determined as the maximum supportable impact fee for the Corvallis School District (as revised March 10, 2008) was \$6,822.

<sup>5</sup> Data on residential construction cost in Corvallis was provided by Art & Architecture Studio, Missoula, MT.

<sup>6</sup> Elementary School, Middle School, High School, Shared Middle School/High School and Administrative Facilities.